

Message Text

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ACTION AF-08

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LIMITED OFFICIAL USE ADDIS ABABA 2585

E.O. 11652: NA
TAGS: BDIS,BGEN,ET
SUBJECT: MANDREL INDUSTRIES

REF: STATE 304014 AND PREVIOUS

1. GEORGE GLASSCOE, MANDREL EMPLOYEE WHO HAS BEEN REFUSED PERMISSION TO LEAVE ETHIOPIA DUE TO THE FIRM'S TAX DISPUTE WITH THE EPMG, CALLED AT EMBASSY DECEMBER 20 TO DISCUSS RECENT DEVELOPMENTS IN THE CASE. GLASSCOE, WHO WAS IN RELATIVELY GOOD SPIRITS, REPORTED THAT THERE HAS BEEN A CHANGE IN TOP MANAGEMENT AT GEOSOURCES (MANDREL'S PARENT CORPORATION) AND HE BELIEVES THAT THE CHANGE MAY HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S AND GLASSCOE'S PERSONAL PROBLEMS IN ETHIOPIA. H.L. GRANT HAS BEEN REPLACED AS PRESIDENT OF GEOSOURCES BY A MAN GLASSCOE BELIEVED WAS NAMED DAWES WHO HAS BEEN TRAVELING AROUND THE WORLD FOR A FIRST HAND LOOK AT GEOSOURCES' OPERATIONS. HE WAS RECENTLY IN NAIROBI AND SENT A MESSAGE TO GLASSCOE VIA AN ACQUAINTANCE. ON THE BASIS OF THE MESSAGE RECEIVED THROUGH THE INTERMEDIARY, GLASSCOE REPORTED THAT THE NEW PRESIDENT IS APPALLED WITH MANDREL'S SITUATION IN ETHIOPIA AND PROMISED TO RESOLVE ITS PROBLEM. HE INDICATED THAT HE WOULD MAKE A SERIOUS ATTEMPT TO NEGOTIATE WITH THE EPMG AND, IF NECESSARY, WOULD SEND A REPLACEMENT EXPATRIATE FOR GLASSCOE.

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2. GLASSCOE HAS BEEN HEARTENED BY THIS NEWS AS WELL AS BY THE BELIEF THAT THE FIRM'S NEXT COURT HEARING, SCHEDULED FOR JANUARY 14, WILL RESULT IN FAVORABLE DEVELOPMENTS FOR MANDREL. HE HAS BEEN DISCUSSING THE CASE WITH VARIOUS EPMG OFFICIALS AND BELIEVES THAT HIS EFFORTS MAY BEAR FRUIT. IN THE MEANTIME, GLASSCOE HAS ASKED MANDREL HEADQUARTERS TO REFRAIN FROM SENDING ANY MESSAGES

TO HIM OR TO ANY EPMG AGENCY REGARDING EITHER THE TAX CASE OR THE SALE OF COFFEE SORTING MACHINE SPARE PARTS. HE IS AFRAID THAT EVEN AN INNOCENT CABLE FROM MANDREL MIGHT HAVE AN ADVERSE IMPACT ON THE JANUARY 14 COURT HEARING. FYI: OFFICIAL OF PRICE WATERHOUSE AND PEAT, MANDREL'S LOCAL AUDITORS, IS LESS OPTIMISTIC THAT THE JANUARY HEARING WILL SEE ANY SIGNIFICANT FORWARD MOVEMENT IN THE CASE. END FYI.

3. WHILE WE CANNOT EVALUATE THE RELIABILITY OF GLASSCOE'S INFORMATION, EMBASSY RECOMMENDS THAT DEPARTMENT DISCUSS MANDREL'S CASE WITH MR. DAWES AND ADVISE EMBASSY OF HIS VIEWS ON MANDREL'S TAX PROBLEMS AND PLANS FOR GLASSCOE.
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